GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1991
ANSWERED ON:04.08.2000
PRICE STABILITY
DINSHA J. PATEL

Will the Minister of FINANCE be pleased to state:

(a) whether the Ninth Plan envisaged a reasonable degree of price stability which could not be achieved ;

(b) if so, the reaction of the Government thereto and the reasons for the failure of the Government to bring stability in prices; and

(c) the action proposed by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a) & (b)One of the specific objectives of the Ninth Plan(1997-2000) was accelerating the growth rate of the economy with stable prices. This objective was to be attained by capping the fiscal deficit of the Government and by containing the Government borrowing programme at a moderate level.

The Government has so far succeeded in keeping inflation within reasonable limits as indicated below;

	Annual Inflation rate(%) Base 1993-94=100	
	Point to Point	52 week average
1997-98	4.5	4.4
1998-99	5.3	4.9
1999-00	6.5	3.3
2000-01	6.1+	4.3+

+ as on 15.7.2000

(c) Government has been making concerted efforts to keep inflation under control through effective supply management and also through close monitoring of prices and supply of essential commodities. Corrective action is being taken as and when required so as to maintain the stability in prices.

The objective of containing the fiscal deficit of the Government spelled out in the Ninth Plan Document is beingfollowed resolutely. For medium-term management of the fiscal deficit a strong institutional mechanism embodied in a Fiscal Responsibility Act is on the anvil. A Committee has been set up to examine this issue and make suitable recommendations. The Expenditure Reforms Commission is also scrutinising expenditure issues with a view to streamlining expenditure management. The combined effort is expected to have a salutory effect on the overall public debt position of the Government.